

WOODBURN URBAN RENEWAL AGENCY

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2009

WOODBURN URBAN RENEWAL AGENCY

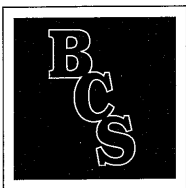
BOARD OF DIRECTORS For the Year Ended June 30, 2009

	TERM EXPIRES <u>December,</u>
Kathryn Figley 601 S Settlemier Woodburn OR 97071	2010
Peter McCallum President 370 Ironwood Terrace Woodburn OR 97071	2012
Dick Pugh 1880 Woodland Avenue Woodburn OR 97071	2012
J. Mel Schmidt 840 Hermanson Street Woodburn OR 97071	2012
Jim Cox 1530 Ranier Way Woodburn OR 97071	2010
Frank Lonergan 245 N 2nd Street Woodburn OR 97071	2010
Eric Morris 1505 Hardcastle Avenue Woodburn OR 97071	2012

WOODBURN URBAN RENEWAL AGENCY

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BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

INDEPENDENT AUDITOR'S REPORT

Agency Officials

WOODBURN URBAN RENEWAL AGENCY

WOODBURN, Oregon

We have audited the accompanying financial statements of the governmental activities and the major fund of **WOODBURN URBAN RENEWAL AGENCY**, a component unit of the City of **WOODBURN**, as of and for the year ended June 30, 2009, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of **WOODBURN URBAN RENEWAL AGENCY**, as of June 30, 2009, the respective changes in financial position and the budgetary comparison for the General (Debt Service) Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages a through c is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Boldt, Carlisle & Smith LLC

Certified Public Accountants

Salem, Oregon

February 10, 2010

By:

Douglas C. Parham, Member

A

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Established - 1968

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Woodburn Urban Renewal Agency (Agency), we offer readers of the Agency's basic financial statements this narrative overview and analysis of the financial activities of the Agency as of June 30, 2009 and for the fiscal year then ended. We encourage readers to consider the information presented here in conjunction with the Agency's basic financial statements in the financial section of this report.

FINANCIAL HIGHLIGHTS

The Agency's liabilities exceeded assets by \$103,430 at June 30, 2009 (*net assets*).

The only assets of the Agency are Cash and Investments (\$1,111,836) and Receivables (\$30,637).

Liabilities include a bank-qualified loan in the amount of \$1,245,363 and accrued interest payable of \$540.

NET ASSETS

	June, 30,	
	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ 1,111,836	\$ 2,440,236
Receivables	<u>30,637</u>	<u>28,436</u>
 Total assets	 <u>1,142,473</u>	 <u>2,468,672</u>
 Liabilities		
Long-term obligations	1,067,393	1,245,363
Other liabilities	<u>178,510</u>	<u>171,267</u>
 Total liabilities	 <u>1,245,903</u>	 <u>1,416,630</u>
 Net assets		
Restricted for debt service	<u>\$ (103,430)</u>	<u>\$ 1,052,042</u>

Property Taxes totaling \$516,835 comprise 92% of the Agency's revenue and are derived from the tax increment in the Agency's boundaries. The remaining revenue of \$43,425 is from investment earnings.

Expenditures for the year ended June 30, 2009 were \$57,005 for repayment of agency debt.

The Agency's only fund is a governmental fund used to account for activities supported by the property tax increment.

	June, 30,	
	2009	2008
Revenues		
Property taxes levied for debt service	\$ 516,835	\$ 503,154
Unrestricted investment earning	<u>43,425</u>	<u>96,226</u>
Total revenues	560,260	599,380
Expenses		
Interest on long-term obligations	57,005	64,023
Transfers to City of Woodburn	<u>(1,658,727)</u>	<u>-</u>
Change in net assets	(1,155,472)	535,357
Net assets - beginning	<u>1,052,042</u>	<u>516,685</u>
Net assets - ending	<u>\$ (103,430)</u>	<u>\$ 1,052,042</u>

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are comprised of the Statement of Net Assets and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the Agency's finances utilizing the full accrual method of accounting, in a manner similar to a private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, liabilities, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and accrued but unpaid interest expense).

The Statement of Net Assets presents information on all of the Agency's assets and liabilities, including capital assets and long-term liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency as a whole is improving or deteriorating.

The Statement of Activities presents information showing how the Agency's net assets changed during the most recent fiscal year.

Fund financial statements. The fund financial statements focus on current available resources and are organized on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 -13.

FINANCIAL ANALYSIS OF FUNDS

As of June 30, 2009 the Agency's governmental fund reported a fund balance of \$1,115,078, which is a decrease of \$1,332,719 from June 30, 2008. The decrease is the result of transfers for an agency approved capital project.

BUDGETARY HIGHLIGHTS

No changes were required to the adopted budget during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Agency had no capital assets. All assets constructed with urban renewal funds are the property of the City.

As of June 30, 2009, the Agency had long-term obligations outstanding of \$1,245,363. Additional information on the Agency's long-term obligations may be found in Note 5 to the basic financial statements.

FINANCIAL CONTACT

The Agency's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Agency's finances and to demonstrate the Agency's accountability.

If you have questions about the report or need additional financial information, please contact the Agency Finance Director at 270 Montgomery, Woodburn, Oregon.

BASIC FINANCIAL STATEMENTS

WOODBURN URBAN RENEWAL AGENCY

STATEMENT OF NET ASSETS

June 30, 2009

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 1,111,836
Receivables	<u>30,637</u>
TOTAL ASSETS	<u>1,142,473</u>
LIABILITIES	
Accrued interest payable	540
Long-term obligations:	
Due within one year	177,970
Due in more than one year	<u>1,067,393</u>
TOTAL LIABILITIES	<u>1,245,903</u>
NET ASSETS	
Restricted for debt service	<u><u>\$ (103,430)</u></u>

See notes to basic financial statements

WOODBURN URBAN RENEWAL AGENCY

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Governmental Activities</u>
Expenses	
Interest on long-term obligations	\$ <u>57,005</u>
General revenues	
Property taxes levied for debt service	516,835
Unrestricted investment earnings	43,425
Transfers	
Transfers to City of Woodburn	<u>(1,658,727)</u>
TOTAL GENERAL REVENUES AND TRANSFERS	<u>(1,098,467)</u>
Change in net assets	(1,155,472)
Net assets-beginning	<u>1,052,042</u>
Net assets-ending	<u><u>\$ (103,430)</u></u>

See notes to basic financial statements

WOODBURN URBAN RENEWAL AGENCY

**BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2009**

	General (Debt Service)
ASSETS	
Cash and investments	\$ 1,111,836
Receivables	<u>30,637</u>
TOTAL ASSETS	<u>\$ 1,142,473</u>
LIABILITIES	
Deferred revenue	\$ 27,395
FUND BALANCES	
Reserved for debt service	<u>1,115,078</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,142,473</u>
FUND BALANCE - RESERVED FOR DEBT SERVICE	\$ 1,115,078
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Deferred revenue represents assets that were not available to pay for current-period expenditures and therefore were not reported in the governmental funds	 27,395
Long-term obligations, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	 <u>(1,245,903)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (103,430)</u>

See notes to basic financial statements

WOODBURN URBAN RENEWAL AGENCY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009**

	General (Debt Service)
REVENUES	
Property Taxes	\$ 510,315
Investment earnings	<u>43,425</u>
TOTAL REVENUES	553,740
EXPENDITURES	
Debt service	<u>227,732</u>
Excess (deficiency) of revenues over expenditures	326,008
OTHER FINANCING SOURCES (USES)	
Transfers out	<u>(1,658,727)</u>
Net change in fund balances	(1,332,719)
Fund balances at beginning of year	<u>2,447,797</u>
Fund balances at end of year	<u>\$ 1,115,078</u>

See notes to basic financial statements

WOODBURN URBAN RENEWAL AGENCY

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (1,332,719)

*Amounts reported for governmental activities in the
Statement of Net Assets are different because of the following:*

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenues in the funds as follows:

Taxes 6,520

Bond proceeds provide current financial resources to governmental funds, but
issuing debt increases long-term liabilities in the statement of net assets.
Repayment of long-term debt obligations principal is an expenditure in the
governmental funds, but the repayment reduces long-term obligations in the
statement of net assets. This is the amount by which proceeds exceeded
repayments: 170,653

Some expenses reported in the statement of activities do not require the use
of current financial resources and, therefore, are not reported as expenditures
in governmental funds. 74

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (1,155,472)

WOODBURN URBAN RENEWAL AGENCY

**GENERAL (DEBT SERVICE) FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2009**

	Original and Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 524,000	\$ 510,315	\$ (13,685)
Interest	<u>55,000</u>	<u>43,425</u>	<u>(11,575)</u>
 TOTAL REVENUES	 <u>579,000</u>	 <u>553,740</u>	 <u>(25,260)</u>
 EXPENDITURES			
Debt service	2,293,000	227,732	2,065,268
Contingency	<u>387,548</u>	<u>-</u>	<u>387,548</u>
 TOTAL EXPENDITURES	 <u>2,680,548</u>	 <u>227,732</u>	 <u>2,452,816</u>
 Excess (deficiency) of revenues over expenditures	 (2,101,548)	 326,008	 (2,478,076)
 OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>(1,658,727)</u>	<u>(1,658,727)</u>
 Net change in fund balance	 (2,101,548)	 (1,332,719)	 (4,136,803)
Fund balance at beginning of year	<u>2,443,548</u>	<u>2,447,797</u>	<u>4,249</u>
 Fund balance at end of year	 <u>\$ 342,000</u>	 <u>\$ 1,115,078</u>	 <u>\$ 773,078</u>

See notes to basic financial statements

WOODBURN URBAN RENEWAL AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2009

1. Summary of Significant Accounting Policies

A. Organization

The Agency, a component unit of the City of Woodburn, was organized under ORS 457 and is a municipal corporation created by the City of Woodburn to facilitate urban renewal within the boundaries of the City. The city council serves as the governing body and is accountable for the fiscal matters of the Agency.

B. Urban Renewal Areas

Tax Allocation Bonds for urban renewal plan areas are authorized by state law to 1) "...eliminate and prevent the development or spread of urban blight and deterioration; and 2) encourage needed urban conservation and rehabilitation and provide for redevelopment of blighted or deteriorated areas."

Projects are financed in urban renewal plan areas as follows:

- The Agency (City Council) selects an urban renewal plan area and defines its boundaries.
- The County Assessor "freezes" the assessed value of property within the urban renewal area. This is referred to as the "frozen" value.
- Any increase in assessed value above the frozen value is called the "incremental value." The tax revenue generated by the tax rate times the incremental value is provided for use in paying the principal and interest on any indebtedness incurred to finance the Urban Renewal Project.
- Urban Renewal Tax Increment revenues are used to repay the indebtedness of the Agency. The proceeds of the indebtedness finance the Agency's activities.

As required by ORS 457.190(3)(a), the Agency has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of \$29,300,000.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

C. Basis of Presentation, Measurement Focus, and Basis of Accounting

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Agency, including all of its financial activities. Governmental activities are financed primarily through property taxes and proceeds from borrowings.

The Statement of Activities presents a comparison between direct expenses and program revenues for the Agency's program. The Agency does not allocate indirect expenses. Program revenues include grants and contributions that are restricted to meeting operational requirements. Revenues that are not classified as program revenues, including property taxes, earnings on investments and the gain on sale of property, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Agency's fund. The emphasis of fund financial statements is on major funds, each displayed in a separate column.

The single major fund, General (Debt Service) Fund, accounts for general administration of the Agency's urban renewal areas, for acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal areas, and repayment of debt incurred for these activities.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Agency receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The government-wide statements have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

C. Basis of Presentation, Measurement Focus, and Basis of Accounting (continued)

Governmental fund financial statements are reporting using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Agency considers all revenues reported in the governmental funds to be available if they are collected within thirty days after year end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, which are recognized as expenditures to the extent they have been incurred. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt are reported as other financing sources.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

D. Budget Policies and Budgetary Control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year end.

The Agency begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The governing body adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally overexpended.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The governing body established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds.

Budget amounts shown in the financial statements have not been revised since the original budget amounts were adopted. The governing body must authorize all appropriation transfers and supplementary budgetary appropriations.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

E. Long-term Obligations

In the government-wide financial statements' long-term obligations are reported as liabilities in the governmental activities' Statement of Net Assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are deferred and amortized over the life of the bond.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

F. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

2. Deposits and Investments

The Agency's deposits and investments are held by the City of Woodburn in pooled deposit and investment accounts that are available for use by all funds and the Agency. The Agency's portion of this pool is displayed on the financial statements as cash and investments. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the Agency's position in the LGIP is the same as the value of the pool shares.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and Investments (continued)

Credit risk: Oregon statutes authorize the Agency to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

As of June 30, 2009, investments were as follows:

<u>Investment</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Oregon State Local Government Investment Pool	<u>\$ 22,190,149</u>	<u>\$ 22,190,149</u>
Amount allocable to Agency	<u>\$ 939,542</u>	<u>\$ 939,542</u>

Interest Rate Risk: The Agency's investment policy limits investment maturities to no more than 18 months as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Concentration of Credit Risk: The Agency's investment policy places a limit on the amount that can be invested in any one issuer as follows:

- U.S. Government Agencies – No more than 40% of the total portfolio in any one agency
- Banker's acceptances – No more than 25% of the total portfolio with any one institution
- Certificates of deposit with commercial banks and state and local government securities – No more than 15% of the total portfolio with any one financial institution or entity
- Commercial paper and repurchase agreements – No more than 10% of the total portfolio with any one entity or institution
- Certificates of deposit with savings and loan association – No more than 5% of the total portfolio with any one financial institution
- State of Oregon Investment Pool – Not to exceed \$20 million (\$10 million per account) with the exception of pass-through funds (in and out within 10 days)

One hundred percent of the Agency's investments are in the State Treasurer's Investment Pool.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, the Agency will not be able to recover the value of its investments that are in the possession of an outside party. Investments, except those in the Local Investment Pool have custodial credit risk because the related securities are uninsured, unregistered and held by the City's brokerage firm, which is the counterparty to those securities. The Agency does not have a policy which limits the amount of investments that can be held by counterparties.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Deposits and Investments (continued)

Custodial credit risk – deposits: This is the risk that in the event of a bank failure, the Agency's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Agency's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are considered fully collateralized. As of June 30, 2009, none of the Agency's bank balances were exposed to custodial credit risk.

The City's deposits and investments and the amount allocable to the Agency as of June 30, 2009 are as follows:

	City of Woodburn	Allocable to Agency
Deposits	\$ 1,728,630	\$ 172,294
Investments	<u>27,299,813</u>	<u>939,542</u>
Total deposits and investments	<u>\$ 29,028,443</u>	<u>\$ 1,111,836</u>

3. Receivables

A. The Agency's receivables at June 30, 2009 are shown below:

Property taxes	<u>\$ 30,637</u>
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B. Property taxes

i. Collection procedures

Taxes are levied on July 1 and are payable in three installments due November 15, February 15 and May 15. Marion County bills and collects property taxes for the Agency.

ii. Transactions

	Balances July 1, 2008	2008-09 Levy	Adjust- ments	Net Interest (Discounts)	Collections	Balances June 30, 2009
Current	\$ -	\$ 535,865	\$ (1,996)	\$ (17,711)	\$ (497,965)	\$ 18,193
Prior	<u>28,437</u>	<u>-</u>	<u>(494)</u>	<u>1,702</u>	<u>(17,201)</u>	<u>12,444</u>
	<u>\$ 28,437</u>	<u>\$ 535,865</u>	<u>\$ (2,490)</u>	<u>\$ (16,009)</u>	<u>\$ (515,166)</u>	<u>\$ 30,637</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables (continued)

iii. Ensuing year's levy

The Agency will levy 100 percent of the amount of its authority under option one of ORS 457.435(2)(a) for the retirement of long-term obligations principal and interest without making a special levy in 2009-10.

The tax rate limit of \$10 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect this levy.

4. Deferred Revenue

Resources owned by the Agency, which are measurable, but not available, and therefore, deferred in the funds, consist of the following:

Property taxes	<u>\$ 27,395</u>
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5. Long-term Obligations

A. Transactions for the governmental activities for the year ended June 30, 2009

<u>Loan</u>	<u>Balances</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances</u> <u>June 30, 2009</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Bank of America					
Urban Renewal - due in quarterly installments of \$56,933; interest at 4.22 percent					
Principal	\$ 1,416,016	\$ -	\$ 170,653	\$ 1,245,363	<u>\$ 177,970</u>
Interest	<u>614</u>	<u>57,005</u>	<u>57,079</u>	<u>540</u>	
Total long-term obligations	1,416,630	57,005	227,732	1,245,903	
Interest	<u>614</u>	<u>57,005</u>	<u>57,079</u>	<u>540</u>	
Principal	<u>\$ 1,416,016</u>	<u>\$ -</u>	<u>\$ 170,653</u>	<u>\$ 1,245,363</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term Obligations (continued)

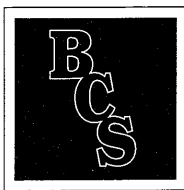
B. The future maturities of obligations outstanding as of June 30, 2009 are as follows:

Fiscal Year	Loan	
	Bank of America	
	Principal	Interest
2010	\$ 177,970	\$ 49,763
2011	185,600	42,133
2012	193,557	34,175
2013-17	<u>688,236</u>	<u>51,893</u>
	<u>\$ 1,245,363</u>	<u>\$ 177,964</u>

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF
STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF
OREGON MUNICIPAL CORPORATIONS]**

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding sections of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth in the following pages.

- *Accounting Records and Internal Controls*
- *Collateral*
- *Indebtedness*
- *Budget*
- *Insurance and Fidelity Bonds*
- *Programs Funded from Outside Sources*
- *Investments*
- *Public Contracts and Purchasing*



BOLDT, CARLISLE & SMITH LLC

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERSHIP ■ ASSURANCE ■ INNOVATION

WOODBURN URBAN RENEWAL AGENCY

REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS]

For the Year Ended June 30, 2009

162-010-0230 – ACCOUNTING RECORDS AND INTERNAL CONTROLS

1. Accounting records

The entity's accounting records were reasonably maintained and adequate to support our audit of the basic financial statements.

Through other reports and communications to management and those charged with governance, we have identified situations or practices that could be improved.

2. Internal control

In planning and performing our audit, we considered the entity's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF
STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF
OREGON MUNICIPAL CORPORATIONS] (Continued)**

162-010-0230 – ACCOUNTING RECORDS AND INTERNAL CONTROLS (continued)

2. Internal control (continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

162-010-0240 – COLLATERAL

ORS 295 requires deposits with financial institutions in excess of the amount insured by the Federal Deposit Insurance Corporation be held at qualifying institutions under the Public Funds Collateralization Program and that public officials provide the Office of the Oregon State Treasurer with the names of all bank depositories in which the Agency currently deposits public funds.

The Agency does not maintain separate cash accounts. Instead, the Agency's cash is pooled with the cash of the City of Woodburn. During the year, the City complied with the provisions of ORS 295 as it pertains to the collateralization of public funds.

162-010-0250 – INDEBTEDNESS

1. Limitations on the amount incurred

The general obligation bonded debt of the entity is in compliance with the limitation imposed by ORS.

2. Liquidation provisions, debt agreement provisions, and restricted assets

We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the entity's short-term and long-term debt issues, and no breach of the debt agreements at June 30, 2009.

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF
STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF
OREGON MUNICIPAL CORPORATIONS] (Continued)**

162-010-0260 – BUDGET

1. Current year

A. Preparation and adoption

The budget was prepared and adopted in compliance with legal requirements.

B. Execution

The budget was executed in compliance with legal requirements.

2. Subsequent year

2. Preparation and adoption

The budget was prepared and adopted in compliance with legal requirements.

3. Financial or organizational level of appropriations

The governing body established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds.

162-010-0270 – INSURANCE AND FIDELITY BONDS

1. Insurance

The Agency does not have separate coverage. Instead the Agency's risks are insured by policies owned by the City of Woodburn. The City's insurance agent confirmed that the following policies were in force at June 30, 2009:

Company	Policy Number	Coverage	Limit	Term
City County Insurance	08LWDB	General and auto liability	\$5,000,000 CSL	07-01-06/09
	08APDWBD	Auto physical damage	Per agreement	07-01-06/09
	08PWBD	Property/mobile equipment	\$52,255,226	07-01-06/09
	08BWBD	Boiler and machinery	Per property schedule	07-01-06/09
NLC Mutual	08E	Excess earthquake	N/A	07-01-06/09

Insurance coverage appears to comply with legal requirements.

**REQUIRED DISCLOSURES AND INDEPENDENT AUDITOR'S COMMENTS
AS OUTLINED IN OREGON ADMINISTRATIVE RULES CHAPTER 162 [SECRETARY OF
STATE, AUDITS DIVISION], DIVISION 10 [MINIMUM STANDARDS FOR AUDITS OF
OREGON MUNICIPAL CORPORATIONS] (Continued)**

162-010-0280 – PROGRAMS FUNDED FROM OUTSIDE SOURCES

The Agency did not operate any programs funded wholly or partially by other governmental agencies.

162-010-0300 – INVESTMENTS

Funds of the Agency were invested in compliance with ORS 294.035.

162-010-0310 – PUBLIC CONTRACTS AND PURCHASING

1. Awarding of public contracts

The Agency did not award any public contracts subject to ORS 279.

2. Construction of public improvements

The Agency did not construct any public improvements subject to ORS 279.

Boldt, Carlisle & Smith LLC
Certified Public Accountants
Salem, Oregon
February 10, 2010